

Comparative Analysis of the Financial Performance of BumN & BusN Banks before and during the COVID-19 Pandemic

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Abstract: This study aims to analyze the comparative financial performance of BUMN & BUSN banks before and during the Covid-19 pandemic. The variables used in this study are the ratio of NPL (Non Performing Loan), the ratio of ROA (Return on Assets), and the ratio of CAR (Capital Adequacy Ratio). This study uses quantitative methods using a comparative approach. This study uses data on Quarterly Published Financial Reports before the pandemic and during the pandemic, namely Q1, Q2, Q3, Q4 2019 - Q1 2020 and Q2, Q3, Q4 2020 - Q1, Q2 2021. The study population was taken from all BUMN & BUSN banks registered in BEI with a sample based on the criteria that state-owned and state-owned banks are classified as BUKU IV banks, namely 6 banks. The statistical methods used were descriptive statistics, normality test, and wilcoxon signed rank test. Based on the results of different tests, it shows that there are differences in Non Performing Loans and Return on Assets before and during the Covid-19 pandemic. While the Wilcoxon signed rank test for the Capital Adequacy Ratio variable shows that there is no difference between before the Covid-19 pandemic and during the Covid-19 pandemic.

Keywords: BUMN, BUSN, NPL, ROA, CAR

1. Introduction

Banking is everything related to banks including institutions and business activities as well as methods and processes in carrying out their business activities. The main function of banking is to collect funds from the public in the form of deposits and distribute them to the public in the form of credit or other forms with the aim of supporting national development and the level of living standards of the community. Banking is also one of the pillars of economic growth and national stability in terms of the financial sector. However, economic conditions in Indonesia since 2020 have begun to be disrupted due to the impact of the emergence of the Covid-19 virus and the banking sector has also been affected.

The financial performance of the domestic banking industry, both state-owned banks and National Private Commercial Banks, experienced quite significant fluctuations, while some of these financial performance factors such as profitability, non-performing loans, capital levels and others.

Quoted from Kata Data in terms of profitability, the net profit of the majority of state-owned banks experienced a significant decline. Based on its value, the profit of PT Bank Rakyat Indonesia Tbk (BRI) was the highest in 2020, which was IDR 18.66 trillion. However, this net profit fell by 45.78% compared to 2019 worth Rp 34.41 trillion. Followed by PT Bank Mandiri Tbk with a net profit of IDR 17.11 trillion in 2020. Bank Mandiri's net profit achievement also decreased by 37.71% from 2019 of IDR 27.48 trillion. The profitability of PT Bank Negara Indonesia Tbk (BNI) also decreased by 78.68% on an annual basis from 2019-2020. In 2020, BNI's net profit was only Rp. 3.28 trillion, while the

previous year period was able to pocket a profit of Rp. 15.38 trillion. Meanwhile, the net profit of PT Bank Tabungan Negara Tbk (BTN) in 2020 was recorded to have a minimum value of IDR 1.6 trillion. However, BTN's net profit was the only one that grew, even significantly, at 666.51% compared to 2019 which was only Rp. 209 billion, as illustrated in the following table.

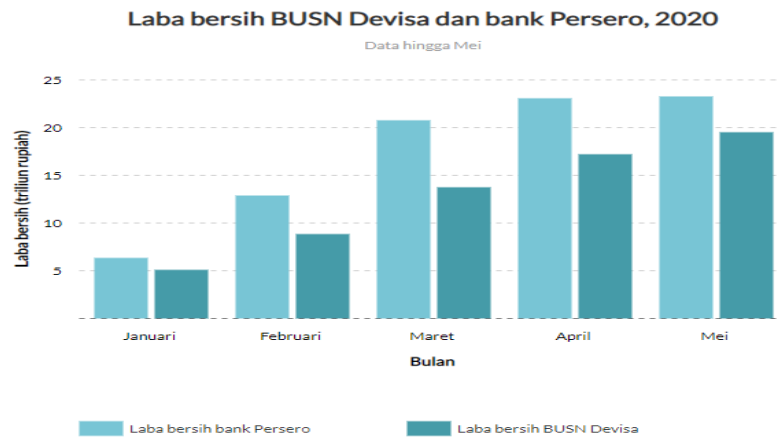
Table 1: Net Profit of Bank BUMN

Bank Name	2020	2019	Change (%)
BRI	Rp 18.66 T	Rp 34.41 T	-45.78%
BNI	Rp 3.28 T	Rp 15.38 T	-78.68%
Mandiri	Rp 17.12 T	Rp 27.48 T	-37.71%
BTN	Rp 1.602 T	Rp 209 M	666.51%

Source: financial report

When compared to private banks, the profit of state-owned banks is higher than private banks, even though the performance of both has decreased from the previous year. For example, in the first semester of 2020, PT Bank Central Asia Tbk (BCA), which is a private bank, recorded a profit of Rp. 12.24 trillion, although it was down 4.8% compared to the first semester of 2019. Then, there was PT Bank CIMB Niaga Tbk (BNGA).) which was also reported to have decreased its profit to Rp1.74 trillion, which was due to a decrease in interest income and an increase in operating expenses other than interest.

The following is a graph of the Net Profit of Foreign Exchange BUSN and State Owned Banks in 2020.



Meanwhile, during the COVID-19 pandemic, the government provided financial assistance to state-owned (BUMN) and private banks such as relaxation, credit collectibility and restructuring. Loan relaxation related to assistance provided by the government will keep private foreign exchange interest incomes up, while state-owned banks tend to fall, because these banks are more aggressive in restructuring, which can be seen from interest cuts. OJK has also relaxed the collectivity level of banks, namely providing space for customers to relax loan interest payments that occur as a result of certain conditions (Lokadata.id).

Credit distribution has increased in almost all parts of Indonesia. Credit growth began to increase along with the increase in the growth of Third Party Funds in the banking sector. One of the reasons that encourage the growth of bank credit is due to the easing of social restrictions. Based on the category of areas affected by the COVID-19 pandemic, working capital credit, investment and consumption decreased, especially in high risk areas, followed by an increase in the ratio of bad loans or Non Performing Loans (NPL).

However, nationally, the level of banking NPLs, as described in the Lokadata article, is still relatively well maintained. In addition, liquidity and bank capital are also at an adequate level. This is because the banking sector anticipates risks and decreases in liquidity by increasing reserves formed from capital. Banks also suppress the rate of lending. This policy was taken because the determination of credit relaxation provided by the regulator or the government could lead to the emergence of non-performing loans that could disrupt the continuity of the banking business.

Based on the business phenomenon above, researchers are interested in conducting research by conducting a comparative analysis of the financial performance of BUMN & BUSN banks before and during the Covid-19 pandemic, with the title "Comparative Analysis of the Financial Performance of BUMN & BUSN Banks Before and During the Covid-19 Pandemic".

2. Literature Survey

Financial performance

Financial performance is one of the factors that show the effectiveness and efficiency of a company in order to achieve the company's goals. Effectiveness if management has the ability to choose the right goals or an appropriate tool to achieve the goals set.

According to Rudianto (2013: 189) financial performance is the result or achievement that has been achieved by company management in carrying out its function of managing company assets effectively for a certain period. Financial performance is needed by the company to know in evaluating the level of success of the company based on the financial activities that have been carried out.

Financial performance can be defined as a formal effort made by the company to generate profits, so that it can see the prospects, growth, and potential for good development of the company by relying on existing resources. A company can be said to be successful if it has achieved the standards and objectives that have been set.

Assessment of the financial performance of a company, especially BUMN is determined by the Minister of State-Owned Enterprises in the BUMN Standard Number: KEP-100/MBU/2002 regarding the assessment of financial performance which includes three aspects, namely financial aspects such as the assessment based on the results of the calculation of temporary company financial ratios. the operational aspect of the company is seen from the improvement of company facilities and infrastructure, product quality improvement, and speed of service, while from the administrative aspect the assessment is carried out by looking at the company's annual calculation report, periodic reports and so on. However, in this study, we will use BUMN standards from the financial aspect only to assess the company's financial performance.

Financial Performance Ratio

NPL (*Non Performing Loan*)

According to Kasmir (2013:155), Non-Performing Loans (NPLs) are loans in which there are obstacles caused by 2 elements, namely from the banking side in analyzing and from customers who intentionally or unintentionally in their obligations do not make payments.

Another definition of Non-Performing Loan (NPL) is a measurement of the bank's business risk ratio which shows the magnitude of the risk of non-performing loans in a bank. Non-performing loans are caused by non-current payments of loan principal and interest which can directly reduce bank performance and cause banks to be inefficient (Herman Darmawi, 2011:16).

Based on Bank Indonesia Regulation Number 18/14/PBI/2016 Year 2016 dated August 22, 2016 concerning Amendment to Bank Indonesia Regulation Number 5/8/PBI/2003 concerning Fourth Amendment to Bank Indonesia Regulation Number 15/15/PBI/2013 concerning Statutory Reserves Minimum Commercial Banks In Rupiah and Foreign Exchange For Conventional Commercial Banks, banks must meet a good gross NPL ratio of less than 5%. If the bank is able to suppress the NPL ratio below 5%, the potential profits will be even greater. Non Performing Loan (NPL) Ratio can be formulated as follows:

$$\text{NPLR} = \frac{\text{Bank NPL}}{\text{Total Loans}} \times 100\%$$

ROA (Return on Asset)

According to Dendawijaya (2009:119), to determine the soundness of a bank, Bank Indonesia is more concerned with assessing the amount of Return on Assets (ROA), because Bank Indonesia as a supervisor and supervisor of banking prioritizes the value of a bank's profitability as measured by assets whose funds are mostly comes from public funds.

According to Sirait (2017:142) Return on Assets (ROA) is the ratio of the ability of earnings to show the competence of banks in obtaining profits from managing their resources. Return on Assets (ROA) is used to measure the ability of bank management to obtain profits or overall profits.

Based on the Circular Letter issued by Bank Indonesia, namely SE No.13/24/DPNP dated October 25, 2011, regarding the provision that the ideal minimum ROA value for banks is 1.5%. The greater the ROA value of a bank, the greater the level of profit achieved by the bank and shows the better position of the bank from the use of its assets. ROA can be formulated as follows:

$$\text{ROA} = \frac{\text{Earning Before Tax}}{\text{Total Asset}} \times 100\%$$

CAR (Capital Adequacy Ratio)

According to Dendawijaya (2009) Capital Adequacy Ratio is a ratio that describes how large the total risky bank assets (credit, investment, securities, claims on other banks) are also financed from the bank's own capital in addition to obtaining funds from sources outside the bank, such as public funds, credit, and others.

Bank Indonesia stipulates CAR capital, namely the minimum capital adequacy requirement that must always be maintained by each bank as a certain proportion of the total Risk Weighted Assets (Herry, 2019). Based on the Financial Services Authority Regulation (OJK) Number 11/POJK.03/2016 concerning the Minimum Capital

Adequacy Requirement for Commercial Banks, banks are required to provide a minimum capital of 8% (eight percent) of the weighted assets. The greater the value of the CAR ratio, the profit generated will also increase so that the better the capital position. The formula for calculating the CAR ratio is as follows:

$$\text{CAR} = \frac{\text{Bank Capital}}{\text{Risk Weighted Assets}} \times 100\%$$

Problem Definition

Previous research conducted by Sullivan and Widodoatmodjo (2021) showed that the CAR and NPL values had significant differences in bank performance before and during the pandemic. According to Muchlish and Umardani (2016) in their research that the profitability ratio represented by the ROA (Return on Asset) ratio variable shows a significant difference. So from the previous findings that there are differences in the results of their research, the hypotheses used in this study are as follows:

H1 : there is a difference in the value of Non Performing Loan of BUMN & BUSN banks before and during the Covid-19 pandemic.

H2 : there is a difference in the Return on Assets value of BUMN & BUSN banks before and during the Covid-19 pandemic.

H3 : there is a difference in the value of Capital Adequacy Ratio of BUMN & BUSN banks before and during the Covid-19 pandemic.

3. Methodology

This study uses a comparative method, namely a method to see a comparison between the conditions of a variable or more in two or more different samples, or at two different times (Sugiyono, 2016:54). The location of this research is the official website of the Financial Services Authority and the official website of each state-owned bank (BUMN) as well as the Indonesia Stock Exchange website.

The unit of analysis is BUMN & BUSN which has complete financial reports during the research period, namely Quarterly Published Financial Reports before the pandemic and during the pandemic, namely Q1, Q2, Q3, Q4 2019 - Q1 2020 and Q2, Q3, Q4 2020 - Q1, Q2 2021. BUMN & BUSN banks listed on the Indonesia Stock Exchange (IDX) in 2019-2021 are the population used in the study. This study uses a purposive sampling method, where the sample used is based on the criteria that BUMN & BUSN banks are classified as BUKU IV banks, namely 6 banks, namely Bank Central Asia Tbk., Bank Negara Indonesia (Persero) Tbk., Bank Rakyat Indonesia (Persero) Tbk., Bank Mandiri (Persero) Tbk., Bank CIMB Niaga Tbk., and Bank Pan Indonesia Tbk.

While the analytical tools used are descriptive statistics, normality test, while the average difference test used is the paired sample t-test (if the research data is normally distributed) and the Wilcoxon signed rank test. The Wilcoxon signed rank test was used if the research data were not normally distributed.

4. Results & Discussion

Descriptive Statistical Results

Table 2: Descriptive Statistical Results

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev.
NPL- Before the Pandemic	30	1.34	3.20	2.4330	.57552
NPL- During the Pandemic	30	1.79	4.25	3.1850	.64858
ROA- Before the Pandemic	30	1.83	4.02	2.7887	.69978
ROA- During the Pandemic	30	.54	3.38	2.0097	.71573
CAR- Before the Pandemic	30	16.07	24.49	21.3823	2.12531
CAR- During the Pandemic	30	16.71	29.58	21.7817	3.76898
Valid N (listwise)	30				

Source: Research Results, 2021 (Data processed)

Table 3: Normality Test Results

	Kolmogorov-Smirnov ^a	
	Statistic	df Sig.
NPL - Before the Pandemic	0.132	30 0.189
NPL - During the Pandemic	0.186	30 0.009
ROA - Before the Pandemic	0.171	30 0.026
ROA - During the Pandemic	0.1	30 .200*
CAR - Before the Pandemic	0.129	30 .200*
CAR - During the Pandemic	0.161	30 0.045

Source: Research Results, 2021 (Data processed)

Based on the data in table 3, it is known that the significance values of NPL during the pandemic, ROA before the pandemic, and CAR during the pandemic are 0.009, 0.026, and 0.045 which are below the significance value of 0.05 which means that the data is not normally distributed. Therefore, the different test that was carried out was the Wilcoxon signed rank test. This is because the requirements for the paired sample t-test, namely the data must be normally distributed, are not met.

Table 4: Test Statistics Results

Test Statistics ^a			
	NPL - During the Pandemic - NPL - Before the Pandemic	ROA - During the Pandemic - ROA - Before the Pandemic	CAR - During the Pandemic - CAR - Before the Pandemic
Z	-4.701 ^b	-4.721 ^c	-.463 ^b
Asymp. Sig. (2-tailed)	.000	.000	.644

Source: Research Results, 2021 (Data processed)

Based on table 4 it can be seen that:

- NPL has a Z value of -4.701 and Asymp. Sig. (2-tailed) of 0.000. Due to the significance value of $0.000 < 0.05$, it can be concluded that there is a difference between Non Performing Loans before the pandemic and Non Performing Loans during the pandemic.
- ROA has a Z value of -4.721 and Asymp. Sig. (2-tailed) of 0.000. Due to the significance value of $0.000 < 0.05$, it can be concluded that there is a difference between Return on Assets before the pandemic and Return on Assets during the pandemic.
- CAR has a Z value of -0.463 and Asymp. Sig. (2-tailed) of 0.644. Due to the significance value of $0.644 > 0.05$, it can be concluded that there is no difference between the Capital Adequacy Ratio before the pandemic and the Capital Adequacy Ratio of the pandemic.

Different tests performed using the Wilcoxon signed rank test with a significance level of 0.05 gave different results, as in the following discussion:

- NPL (Non Performing Loan) ratio, based on the results of the Wilcoxon signed rank test, it can be concluded that H1 is accepted, i.e. there are differences in the NPL (Non Performing Loan) values of BUMN & BUSN banks before and during the Covid-19 pandemic. This shows that the Covid-19 pandemic affects financial performance in terms of credit risk for BUMN & BUSN banks when viewed from the NPL value.
- ROA (Return on Assets) ratio, based on the results of the Wilcoxon signed rank test, it can be concluded that H2 is accepted, that is, there are differences in the ROA (Return on Assets) values of BUMN & BUSN banks before and during the Covid-19 pandemic. This means that the Covid-19 pandemic has had a significant impact

on financial performance, especially on the profitability of BUMN & BUSN banks when viewed from the ROA value.

- CAR (Capital Adequacy Ratio) ratio, based on the results of the Wilcoxon signed rank test, it can be concluded that H3 is rejected, i.e. there is no difference in the CAR (Capital Adequacy Ratio) of BUMN & BUSN banks before and during the Covid-19 pandemic. This concludes that the Covid-19 pandemic will not have a bad impact on financial performance in terms of providing capital for BUMN & BUSN banks when viewed from the CAR value.

5. Conclusion

This study aims to determine and analyze the comparative financial performance of BUMN & BUSN banks before and during the Covid-19 pandemic, with the financial ratios used, namely the NPL (Non Performing Loan) ratio, the ROA (Return on Assets) ratio, and the CAR (Capital Adequacy) ratio.

Based on the results of the different tests conducted with the Wilcoxon signed rank test, it shows that there are differences in Non Performing Loans and Return on Assets before and during the Covid-19 pandemic. While the Wilcoxon signed rank test for the Capital Adequacy Ratio variable shows that there is no difference between before the Covid-19 pandemic and during the Covid-19 pandemic.

This is due to the restructuring treatment in line with the Financial Services Authority Regulation issued in March 2020. So that banks increase their capital reserves to stay afloat in the midst of the COVID-19 pandemic.

The Wilcoxon signed rank test for financial performance in terms of profitability shows that the results are different between before the pandemic and during the Covid19 pandemic. This difference occurs because the value of the Return on Assets of banking has decreased, due to a decrease in profits earned during the COVID-19 pandemic.

6. Future Scope

The suggestions for further research are expected to increase the research sample used and expand the different measuring instruments or financial ratios from this research.

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